



Sen. Iris Y. Martinez

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1 AMENDMENT TO SENATE BILL 464

2 AMENDMENT NO. _____. Amend Senate Bill 464 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Illinois Economic Leadership Initiative Act.

6 Section 5. Definitions. For the purpose of this Act, unless
7 the context otherwise requires:

8 "Advisory Committee" means the Illinois Economic
9 Leadership Advisory Committee, which will be replaced by the
10 Board.

11 "Board" means the Illinois Economic Leadership Board.

12 "Corporation" or "ICIC" means the Illinois Capital
13 Investment Corporation.

14 "Certified Illinois business" means any qualified Illinois
15 company, as defined in this Section, that is certified as
16 defined in subsection (b) of Section 15 for capital investment

1 under this Act.

2 "Department" means the Department of Commerce and Economic
3 Opportunity.

4 "Illinois Accelerator company" means a private-sector
5 subsidiary organized in the State of Illinois, owned by the
6 Illinois Capital Investment Corporation, that is responsible
7 for assisting businesses to qualify for capital investment
8 under this Economic Leadership Initiative.

9 "Initiative" means the Illinois Economic Leadership
10 Initiative.

11 "Qualified Illinois company" means businesses licensed and
12 registered with the Illinois Department of Financial and
13 Professional Regulation, in good standing with the Illinois
14 Secretary of State, and current with all Illinois tax
15 liabilities.

16 "Qualified Illinois taxpayer" means any person or entity
17 that pays taxes in the State of Illinois and is current with
18 all Illinois tax liabilities.

19 "State" means the State of Illinois.

20 "Qualified fund managers" means persons or entities
21 selected by the Corporation in collaboration with its lead
22 investors in this Initiative, and under contract with the
23 Corporation to manage investment funds established by the
24 Corporation.

25 "Claimant" means a person or entity investor that files a
26 claim under this Initiative.

1 Section 10. Illinois Incentive Tax Credits.

2 (a) Subject to appropriation, this Act creates incentive
3 income and franchise tax credits for investors in the fund
4 sectors described in this Act, but only if the investments are
5 in qualified Illinois companies certified by the Board in
6 connection with the Department and the Corporation.

7 (b) In order to maximize the effectiveness of the tax
8 credits, the tax credits must include the following components
9 authorized by this Act:

10 (1) applies only to claimants that are investors in the
11 Corporation's related investment funds in sectors defined
12 herein for investment by selected fund managers in
13 certified Illinois established businesses that are
14 entitled to the tax credited investment;

15 (2) the private capital investment tax credit equates
16 to 9.5% tax credit per year for 6 years and authorizes the
17 Corporation to negotiate and achieve the optimum tax credit
18 allocation per investment sector in a manner that aligns
19 capital investment with market demand and that maximizes
20 job creation and retention in the State of Illinois with
21 approval by the Department;

22 (3) the Illinois Pension System lead investor is
23 authorized to gain the tax credit benefit through the sale
24 of the transferable tax credits to one or more qualified
25 Illinois taxpayer;

1 (4) transferable to any qualified Illinois taxpayer,
2 i.e., claimant may sell tax credits under this Act to
3 another person or entity that is subject to taxes imposed
4 in Illinois, if the claimant notifies the Board, the
5 Department, and the Department of Revenue of the sale and
6 includes with the notification a copy of the transfer
7 documents;

8 (5) applicable to all forms of Illinois taxes;

9 (6) non-recapturable; and

10 (7) irrevocable.

11 (c) The Department shall be authorized to approve one-time
12 broker tax credits of 10% made available per offering per
13 certified business for funding raised for Illinois businesses.

14 (d) The one-time broker tax credit is limited up to \$50,000
15 per offering per certified Illinois business with approval by
16 the Department.

17 Section 15. Illinois Economic Leadership Board.

18 (a) Subject to appropriation, the Illinois Economic
19 Leadership Board (IELB) is created to assist with legislation,
20 organization, and promotion of the private-sector,
21 market-driven Initiative to incentivize major private capital
22 resources to be immediately available to Illinois businesses
23 for substantial economic growth.

24 (b) The Board shall:

25 (1) promulgate rules establishing a procedure for the

1 Board to certify businesses eligible for tax-credited
2 investments as made available by this Act. The Board shall
3 promulgate such rules in connection with the Department and
4 the Illinois Capital Investment Corporation (ICIC). The
5 rules shall require a business that desires to obtain
6 certification to file an application with the Board. The
7 rules shall require an applicant for certification to
8 provide the Board with any information the Board determines
9 is necessary to ensure eligibility for certification and
10 compliance with this Act and the rules promulgated under
11 this Section. The Board shall consult with the Corporation
12 and the Department in determining whether to certify any
13 applicant;

14 (2) review and approve performance data related to the
15 tax credits made available by this Act as reported by the
16 ICIC in conjunction with the Department;

17 (3) certify businesses eligible for tax-credited
18 investments as made available by this Act, in connection
19 with the Department and the ICIC;

20 (4) serve as media spokespersons for the Initiative;

21 (5) promote the Initiative;

22 (6) solicit institutional investors;

23 (7) recruit Illinois companies that are capital
24 investment candidates; and

25 (8) select the ICIC no later than the first day of the
26 second month beginning after the effective date of this

1 Act.

2 (c) The Board shall consist of 11 voting members to be
3 appointed as follows in consultation with the chairperson of
4 the Advisory Committee and with the chairperson of the ICIC
5 serving as chairperson of the Board:

6 (1) two members appointed by the Governor;

7 (2) one member appointed by the President of the
8 Senate;

9 (3) one member appointed by the Minority Leader of the
10 Senate;

11 (4) one member appointed by the Speaker of the House;

12 (5) one member appointed by the Minority Leader of the
13 House;

14 (6) one member appointed by the Mayor of the City of
15 Chicago;

16 (7) the Director of Commerce and Economic Opportunity
17 or his or her designee;

18 (8) the Director of Revenue or his or her designee;

19 (9) the Executive Director of lead Illinois Pension
20 System Fund or his or her designee; and

21 (10) Chairperson of the Illinois Capital Investment
22 Corporation or his or her designee.

23 The members of the Board shall serve without compensation
24 for a term of 2 years, but may be reimbursed for their
25 expenses.

26 (d) The Department of Commerce and Economic Opportunity

1 shall:

2 (1) Staff and administer, in collaboration with the
3 Illinois Capital Investment Corporation, the Illinois
4 Economic Leadership Board.

5 (2) Recommend job creation standards, in collaboration
6 with the Illinois Capital Investment Corporation.

7 (3) Advise the Board in relation to portfolio company
8 certification for tax-credited capital investment by the
9 Illinois Capital Investment Corporation.

10 (4) In conjunction with the recommendations of the
11 Illinois Capital Investment Corporation, analyze and
12 recommend to the Board for approval the appropriate tax
13 credit allocations per capital investment category based
14 on market analysis of candidate businesses within the State
15 of Illinois and include analysis of the market of
16 businesses outside the State that may relocate to Illinois
17 in connection with capital investment under this
18 Initiative after certification.

19 (5) In conjunction with recommendations of the Board
20 and the Corporation, engage in internal strategic planning
21 process from time-to-time to enable the Department to most
22 effectively align its current programs with the Initiative
23 as necessary.

24 (6) Assess and collect from applicant businesses that
25 apply for certification up to \$500 per application
26 submitted to the Board and disseminated to the Department

1 and the Corporation under this Initiative, and assess and
2 collect up to \$1,500 per million dollars invested in
3 qualified businesses certified for and that receive
4 capital investment under this Initiative, which are
5 intended to cover the Department's program related
6 expenses incurred in connection with this Initiative
7 including its expenses, if any, related to staffing the
8 Board.

9 (7) Upon approval of an application under this
10 Initiative, issue a written notice of certification to the
11 applicable business and provide a copy of the notice to the
12 Corporation, the Department of Commerce and Economic
13 Opportunity, and the Illinois Department of Revenue. Each
14 notice shall include the following statement: "The
15 Illinois Economic Leadership Board has not recommended or
16 approved an investment in this entity or assessed the
17 merits of risks of such an investment. Investors should
18 rely solely on their own investigation and analysis and
19 seek investment, financial, legal, and tax advice before
20 making their own decisions regarding investment in this
21 entity." The Board shall provide any person a copy of the
22 notice upon request.

23 (8) In conjunction with the recommendations of the
24 Board and the Corporation, enter into certification
25 agreements between the State and businesses qualified to
26 receive tax-credited investments from this Initiative.

1 (9) Submit a report annually no later than September 15
2 to the Clerk of the House and the Secretary of the Senate
3 for distribution to the members of the General Assembly
4 describing the performance of investments made by fund
5 managers, the total amount of tax credits claimed with
6 regard to those investments, and economic impact on the
7 State of Illinois. The Department of Revenue shall provide
8 the Board with any information the Board requests for
9 preparation of the report under this paragraph.

10 (10) Engage in promotional activities in consultation
11 with the Corporation and the Department, but not recommend
12 that any person or entity under this Initiative make a
13 particular investment. The Board shall solicit
14 institutional investors to invest in this Initiative,
15 shall encourage fund managers to invest in qualified
16 businesses, and shall solicit businesses that may benefit
17 from investments made by fund managers.

18 (11) Recommend to the General Assembly any statutory
19 changes that the Board considers necessary or proper to
20 carry out the purposes of this Section.

21 (12) Upon the discontinuance of a certification by the
22 Board, in consultation with the Corporation and the
23 Department, the Board shall issue a written notice of
24 decertification to the applicable business and shall
25 provide a copy of the notice to the Corporation, the
26 Department of Commerce and Economic Opportunity, and the

1 Department of Revenue. Discontinuance of a certification
2 does not effect any current offering of ownership interests
3 in the decertified business.

4 Section 20. Illinois Capital Investment Corporation.

5 (a) Subject to appropriation, the Illinois Capital
6 Investment Corporation (ICIC) is created as a private sector
7 proactive entity to oversee and facilitate the raising and
8 development of private-sector institutional investment aligned
9 with and in connection with the Initiative's state income and
10 franchise tax credit incentives.

11 (b) The Corporation shall:

12 (1) Deploy private capital investment in a manner that
13 provides a continuum of capital in support of Illinois
14 companies.

15 (2) Organize an Illinois Accelerator Company within
16 the Corporation to aggressively and proactively seek out
17 and prepare Illinois companies and out-of-state companies
18 that will relocate and become Illinois companies for
19 capital investment opportunities under the Initiative.

20 (3) Be authorized, in conjunction with the Department
21 with approval by the Board, to monitor, analyze, and report
22 measurable and sustainable economic and fiscal impact
23 results related to the State's tax credit investments, and
24 similarly monitor and report on the performance and
25 accountability of each fund manager and the Initiative's

1 workforce investment components.

2 (4) Establish investment funds that are managed by
3 qualified fund managers selected by the Corporation in
4 collaboration with its lead investors.

5 (5) Be authorized to establish parameters for specific
6 private capital investment sectors and related tax credits
7 defined in this Act and in consultation with the
8 Department.

9 (6) Select 2 to 6 qualified fund managers in each
10 sector to invest incentivized private capital. The fund
11 sectors include:

12 (A) Private Equity Funds, Growth Funds, and
13 Venture Growth Funds for private capital investment in
14 certified Illinois businesses to create and retain
15 jobs for the State's workforce and to invest in
16 businesses that relocate into the State of Illinois.

17 (B) Seed and Early Stage Funds for investment in
18 newly formed or emerging businesses with market demand
19 to help grow qualified Illinois companies.

20 (C) Angel Investment Funds for investment in
21 qualified early stage businesses certified eligible
22 for tax credits.

23 (D) Women and Minority Owned Business Funds for
24 investment into certified businesses that are at least
25 51% owned and controlled by woman and minorities.
26 Nothing in this Act shall limit any other investment

1 fund or vehicle from also investing in woman and
2 minority-owned businesses as defined in this Section.

3 (E) Community Development Funds for investment in
4 businesses certified as eligible for incentive tax
5 credit investment.

6 (F) Low-to-Moderate Income (LMI) Financial Access
7 Funds for investment in businesses that deliver
8 low-cost financial services that help facilitate
9 low-to-moderate income consumer-worker economic
10 mobility, including voluntary micro-banking programs
11 in participating elementary and high schools.

12 (G) Low-to-Moderate Income (LMI) Affordable
13 Housing and Homeownership Funds for investment in
14 businesses that facilitate housing and homeownership
15 via quality mortgage finance for LMI consumer workers
16 in connection with State and municipal housing
17 authorities and their HUD Section 8 and 8y programs.

18 (H) Low-to-Moderate Income (LMI) Transportation
19 Funds for private investment in businesses that
20 deliver quality low-cost marketplace solutions that
21 enable workforce participants to acquire new vehicles
22 that lower their transportation expenses, reduce
23 emissions, preserve employment, and achieve job
24 advancement with greater income due to an expanded
25 geographic area from residence where work can be found.

26 (I) LMI Workforce Health and Fitness Funds that

1 invest in companies with low-cost marketplace
2 solutions that enable workers, including younger
3 workforce entrants with various levels of education,
4 to remain engaged as active, productive participants
5 in the Illinois workforce despite challenges related
6 to involuntary loss of employment or stress related to
7 the risk of job loss; includes private investment in
8 non-profit voluntary fitness programs in elementary
9 and high schools that choose to participate.

10 (7) Authorize the State of Illinois Pension System
11 funds to serve as lead investors to help establish the
12 Corporation as the private-sector entity that administers
13 the accountable, private-sector, market-driven continuum
14 of access-to-capital via qualified fund managers.

15 (8) Determine a structure for the Corporation to
16 further enhance the value of State tax credits.

17 (9) Solicit, interview, and select Fund Managers in
18 collaboration with lead investors.

19 (10) Recommend businesses for certification by the
20 Board in connection with the Department.

21 (11) Manage and oversee via direct fund management of
22 the highly specialized workforce-related LMI Financial
23 Access Funds, LMI Affordable Housing and Homeownership
24 Funds, the LMI Transportation Funds, and LMI Workforce
25 Health and Fitness Funds.

26 (12) Establish, oversee, and direct the Illinois

1 Accelerator Corporation to seek, identify, prepare, and
2 assist established and early stage companies as they become
3 qualified recipients of the Initiative's capital
4 investments.

5 (13) Work with portfolio companies and fund managers to
6 assist in growing the Initiative's portfolio companies and
7 facilitating follow-on funding from the appropriate
8 sources that may include the next level of funds from
9 within the Initiative.

10 (14) Monitor, analyze, and report to the Board and the
11 General Assembly measurable and sustainable economic and
12 fiscal impact results related to tax credit investments.

13 (15) Establish measurable standards in relation to tax
14 credited investments and hold the selected fund managers
15 accountable for meeting the standards.

16 (16) Coordinate and oversee an Economic Advisory
17 Board, Fund Manager Advisory Board, Illinois CEO
18 Leadership Advisory Board, and Institutional Investor
19 Advisory Board.

20 (17) Coordinate a Management Information System that
21 tracks investments, related economic impact, and financial
22 results.

23 (18) Coordinate and disseminate a proactive
24 multi-media communications program and related televised
25 economic news media message.

26 (19) Except where designated in this Act in relation to

1 the highly specialized LMI Fund activities, no owner of the
2 Corporation has made a certified capital investment or is a
3 fund manager in any of the Funds to be established by the
4 Corporation.

5 (c) The Department of Commerce and Economic Opportunity
6 shall:

7 (1) identify candidate businesses for capital
8 investment for the Initiative and provide support, in
9 connection with existing and future capital investment
10 programs and services of the Department, once an investment
11 is made; and

12 (2) be authorized under this Act to obtain and preserve
13 confidential company data not already available to the
14 Department.

15 (d) Funding for the Corporation shall be provided by:

16 (1) an organizational advance from the Illinois
17 Pension System lead investor;

18 (2) a combined annual operating management fee and
19 expense reimbursement of 1% advanced by private or Pension
20 System investors and repaid to investors from the gain
21 related to this Initiative's investments, which will be
22 negotiated and finalized by the Corporation with its
23 investors; and

24 (3) performance incentive fees of a 6% carry of the
25 gain after returns of 100% of private sector principal
26 investments and reimbursement of management fees and

1 related expense funding advanced by investors.

2 (e) Fund manager compensation shall be determined and
3 negotiated by the ICIC in collaboration with its investors and
4 provided by:

5 (1) an annual management fee as described in item (3),
6 which will be negotiated by the ICIC in collaboration with
7 selected qualified fund managers, and funded by advances
8 paid to the Corporation by investors for distribution by
9 the Corporation to qualified fund managers selected by the
10 Corporation in collaboration with its investors, 50% of
11 which will be paid on commitment and 100% will be paid upon
12 investment;

13 (2) an incentive fee of a 14% carry of the profit after
14 returning to investors 100% of their private and Pension
15 System investment funding, i.e., the principal investment,
16 and related management fees and other expenses; and

17 (3) a percentage determined and negotiated by the ICIC
18 with investors based upon the type of fund as follows: up
19 to 3% for Angel Investment Funds, Early Stage Seed Funds,
20 Women and Minority Owned Funds, Community Funds, Financial
21 Access Funds; up to 3% for Venture Funds; and up to 2% for
22 Private Equity Funds.

23 (f) The Corporation shall consist of members as follows:

24 (1) Illinois Pension System lead investor;

25 (2) Insurance companies;

26 (3) Financial institutions;

- 1 (4) Corporations;
- 2 (5) Native American Tribes;
- 3 (6) Utility companies;
- 4 (7) Other institutional investors; and
- 5 (8) High net worth individuals.

6 (g) The Corporation shall have a Board of Directors that
7 shall consist of:

- 8 (1) the Chairperson of the Corporation;
- 9 (2) major institutional investors; and
- 10 (3) appointment by the Illinois Economic Leadership
11 Board.

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.".